



CPI Property Group

(société anonyme)

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Press Release - Corporate News

Luxembourg, 31 March 2023

CPI PROPERTY GROUP publishes financial results for 2022

CPI PROPERTY GROUP (hereinafter “CPIPG”, the “Company” or together with its subsidiaries the “Group”) hereby publishes audited financial results for the financial year ended 31 December 2022.

“2022 was an exceptional year of change for CPIPG,” said Martin Němeček, CEO. “Through our acquisitions of IMMOFINANZ and S IMMO, the Group became one of Europe’s largest landlords. In 2023 we will focus on integration, optimisation, and reducing leverage.”

The Group fully consolidates the assets, liabilities, and equity of IMMOFINANZ and S IMMO. Income-related measures are reported proportionately, reflecting the acquisition timing during 2022.

Highlights of the 2022 financial year include:

- **CPIPG’s property portfolio reached €20.9 billion** (versus €13.1 billion at year-end 2021) as the Group consolidated IMMOFINANZ (€5.3 billion) and S IMMO (€3.4 billion) and made nearly **€900 million of disposals** during 2022. Disposals continued in 2023, with about **€400m signed in Q1**.
- **Total assets reached €23.5 billion**, and EPRA NRV (NAV) grew to €8.0 billion.
- **Contracted gross rent was €906 million**.
- **Net rental income increased to €632 million** and net business income rose to €676 million.
- **Hotels reported net income of €46 million**, reflecting the recovery of travel across Europe in 2022.
- **Consolidated adjusted EBITDA was €608 million**, while **FFO1 was €355 million**.
- Rental income grew **7.6% on a like-for-like basis**. Rental growth was primarily organic. A high proportion of the Group’s rents are indexed; based on early data, inflation may have an 8%+ positive effect on rents in 2023.
- **Net Loan-to-Value (LTV) increased to 50.9%** at year-end 2022, outside of the Group’s financial policy targets. CPIPG’s **top priority is to reduce leverage through disposals and other measures and we expect a Net LTV of 45-49% by year-end 2023**.
- **Total available liquidity was €2 billion**, including €910 million of undrawn revolving credit facilities, the majority of which mature in early 2026.
- **Unencumbered assets decreased to 54%**, reflecting the high proportion of secured debt at IMMOFINANZ and S IMMO. CPIPG prefers senior unsecured borrowings, but in the current environment secured loan pricing is substantially more attractive. Like CPIPG, IMMOFINANZ and S IMMO have well-established relationships with a broad range of international and regional secured lenders, which we see as an advantage.
- **Net ICR was 3.2x**. The Group **has a low-cost, long-dated debt maturity profile** and sees strong potential to improve the ICR through deleveraging and the expectation of higher rents over time.



Notable events occurring after the end of 2022

Financing activity

On 6 March 2023, the Group signed a €100 million unsecured term loan with MUFG with a five-year maturity. In keeping with CPIPG's commitment to reduce the greenhouse gas ("GHG") emissions intensity of our property portfolio by 32.4% through 2030 versus the 2019 baseline, the loan's margin will step up or step down on an annual basis from 2023 onwards.

On 31 March 2023, the Group signed a £35 million five-year secured loan with Rothschild & Co. against a portion of our UK assets.

CPIPG remains in active discussion with banks about secured loans in Germany, the Czech Republic, Poland, the UK and other geographies.

Disposals

In January 2023, our subsidiary S IMMO sold a commercial park near Munich. In March 2023, S IMMO sold a large residential portfolio in Berlin. In March 2023, IMMOFINANZ sold an office property in Vienna.

In total, the Group signed disposals in Q1 2023 of about €400 million.

Therefore, the Group has achieved over €750 million of gross disposal proceeds since August 2022, when CPIPG announced a disposal pipeline exceeding €2 billion to be executed over the following 12 to 24 months.

CPIPG still has more than 30 disposal projects in execution, with about €1 billion of letters of intent signed.

ESG rating upgrade

On 24 February 2023, CPIPG announced that the Group had received a rating of BBB (on a scale of AAA – CCC) in the MSCI ESG Ratings assessment, an improvement from the previous rating of BB. Key drivers for the higher rating were the larger share of certified green buildings, green leases, and enhanced corporate governance.

Annual results webcast

CPIPG will host a webcast in relation to its financial results for 2022. The webcast will be held on **Thursday, 6 April 2023 at 11:00 am CET / 10:00 am UK**.

Please register for the webcast in advance via the link below:

<https://edge.media-server.com/mmc/p/2e5qbxvh>

FINANCIAL HIGHLIGHTS

Performance		2022	2021	Change
Total revenues	€ million	1,282	664	93.1%
Gross rental income (GRI)	€ million	749	402	86.3%
Net rental income (NRI)	€ million	632	363	74.1%
Net hotel income	€ million	46	14	230.0%
Net business income (NBI)	€ million	676	385	75.3%
Consolidated adjusted EBITDA	€ million	608	368	64.9%
Funds from operations (FFO)	€ million	355	254	40.1%
Net profit for the period	€ million	557	1,292	(56.9%)

Assets		31-Dec-2022	31-Dec-2021	Change
Total assets	€ million	23,521	14,369	63.7%
Property portfolio	€ million	20,855	13,119	59.0%
Gross leasable area	sqm	6,784,000	3,667,000	85.0%
Share of green certified buildings*	%	32.1	24.2	7.9 p.p.
Occupancy	%	92.8	93.8	(1.0 p.p.)
Like-for-like gross rental growth**	%	7.6	3.3	4.3 p.p.
Total number of properties***	No.	855	367	133.0%
Total number of residential units	No.	16,767	11,755	42.6%
Total number of hotel rooms****	No.	7,810	7,025	11.2%

* According to GLA

** Based on gross rent, excluding one-time discounts in 2021, CPIPG standalone

*** Excluding residential properties in the Czech Republic

**** Including hotels operated, but not owned by the Group

Financing structure		31-Dec-2022	31-Dec-2021	Change
Total equity	€ million	9,263	7,695	20.4%
EPRA NRV (NAV)	€ million	8,005	7,039	13.7%
Net debt	€ million	10,625	4,682	127.0%
Net Loan-to-value ratio (Net LTV)	%	50.9	35.7	15.2 p.p.
Net debt/EBITDA	x	17.5x	12.7x	4.8x
Secured consolidated leverage ratio	%	19.5	9.8	9.7 p.p.
Secured debt to total debt	%	38.9	27.0	11.9 p.p.
Unencumbered assets to total assets	%	54.4	70.4	(16.0 p.p.)
Unencumbered assets to unsecured debt	%	179%	267%	(88.0 p.p.)
Net ICR	x	3.2x	4.6x	(1.4x)

CONSOLIDATED INCOME STATEMENT

(€ million)	Twelve-month period ended	
	31 December 2022	31 December 2021
Gross rental income	748.5	401.8
Service charge and other income	315.1	139.1
Cost of service and other charges	(281.8)	(116.2)
Property operating expenses	(150.0)	(61.8)
Net rental income	631.8	362.9
Development sales	-	12.9
Development operating expenses	-	(9.4)
Net development income	-	3.5
Hotel revenue	165.1	66.4
Hotel operating expenses	(119.6)	(52.6)
Net hotel income	45.5	13.8
Other business revenue	53.2	43.6
Other business operating expenses	(54.8)	(38.4)
Net other business income	(1.6)	5.2
Total revenues	1,281.9	663.8
Total direct business operating expenses	(606.2)	(278.4)
Net business income	675.7	385.4
Net valuation gain/(loss)	(88.8)	1,275.8
Net gain on disposal of investment property and subsidiaries	35.9	34.5
Amortization, depreciation and impairment	(99.5)	(52.0)
Administrative expenses	(128.7)	(58.4)
Other operating income	331.8	6.5
Other operating expenses	(24.9)	(5.8)
Operating result	701.5	1,586.0
Interest income	20.3	17.9
Interest expense	(210.2)	(97.3)
Other net financial result	151.3	39.3
Net finance costs	(38.6)	(40.1)
Share of gain of equity-accounted investees (net of tax)	19.1	15.1
Profit before income tax	682.0	1,561.0
Income tax expense	(124.8)	(269.4)
Net profit from continuing operations	557.2	1,291.6



Net rental income

Net rental income increased by €269.0 million (74.1%) to €631.8 million in 2022 primarily due to the acquisitions of IMMOFINANZ and S IMMO (€191.8 million and €58.2 million, respectively).

Net hotel income

In 2022, net hotel income improved to €45.6 million, an increase of €31.8 million (230%) due to the recovery of travel demand across Europe.

Net valuation gain

In 2022, the net valuation loss of €88.8 million, primarily due to the acquisitions of IMMOFINANZ and S IMMO generated losses of €111.8 million and €107.4 million, respectively. On the other hand, valuation gains were generated mainly by the Czech residential portfolio (€107.0 million)

The moderate decline in valuations of less than 1% reflects the Group's diverse portfolio of higher-yielding assets coupled with CPIPG's ability to increase rents as an offset against higher yield requirements.

Other operating income

In 2022, the Group realized other operating income of €331.8 million. Of the amount, bargain purchase related to acquisition of IMMOFINANZ and S IMMO was €189.3 million and €129.1 million, respectively.

Interest expense

Interest expense increased by €112.9 million to €210.2 million in 2022 due to the acquisition of IMMOFINANZ (€64.4 million) and S IMMO (€15.9 million) and overall increase of bank loans and bonds issued.

Other net financial result

The other net financial result reflects primarily a change in fair value on derivative instruments (€163.1 million).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ million)	31 December 2022	31 December 2021
NON-CURRENT ASSETS		
Intangible assets and goodwill	126.7	114.0
Investment property	18,486.2	10,275.8
Property, plant and equipment	1,100.0	854.6
Deferred tax assets	176.8	164.1
Equity accounted investees	732.3	1,216.1
Other non-current assets	668.5	338.0
Total non-current assets	21,290.5	12,962.6
CURRENT ASSETS		
Inventories	23.5	11.8
Trade receivables	197.8	105.7
Cash and cash equivalents	1,033.2	501.8
Assets linked to assets held for sale	596.5	588.5
Other current assets	379.7	198.6
Total current assets	2,230.7	1,406.4
TOTAL ASSETS	23,521.2	14,369.0
EQUITY		
Equity attributable to owners of the Company	6,579.8	5,991.8
Perpetual notes	1,584.4	1,611.6
Non-controlling interests	1,098.8	91.2
Total equity	9,263.0	7,694.6
NON-CURRENT LIABILITIES		
Bonds issued	4,680.4	3,693.7
Financial debts	6,165.6	1,164.4
Deferred tax liabilities	1,727.9	1,082.4
Other non-current liabilities	208.2	96.2
Total non-current liabilities	12,782.1	6,036.7
CURRENT LIABILITIES		
Bonds issued	405.8	41.1
Financial debts	360.4	233.5
Trade payables	232.2	116.2
Other current liabilities	477.7	246.9
Total current liabilities	1,476.1	637.7
TOTAL EQUITY AND LIABILITIES	23,521.2	14,369.0

Total assets

Total assets increased by €9,152.2 million (64.7%) to €23,521.2 million at 31 December 2022 compared to 31 December 2021. The increase was driven primarily by investment property acquisitions, development costs and other additions (€8,669.6 million) and increase of cash and cash equivalents due to IMMOFINANZ and S IMMO (€660.3 million).

Total liabilities

Total liabilities increased by €7,583.8 million (113.6%) to €14,258.2 million at 31 December 2022 compared to 31 December 2021, largely due to incremental debt issuance (€2,215.7 million) and IMMOFINANZ and S IMMO acquisitions (€2,246.0 million and €988.1 million, respectively).

The increase of deferred tax liability was primarily due to acquisitions of IMMOFINANZ and S IMMO (€318.7 million and €262.2 million, respectively).

EQUITY AND EPRA NRV

Total equity increased by €1,568.3 million to €9,262.9 million as at 31 December 2022. The movements of equity components were mainly as follows:

- Increase due to the profit for the period of €557.2 million (profit to the owners of €457.0 million);
- Decrease due to share buy-back €190.3 million;
- Increase in revaluation and hedging reserve in total of €56.1 million;
- Increase in translation reserve of €64.5 million;
- Increase from transactions with NCI in total of €1,184.2 million
- Decrease due to issuance and repayment of perpetual notes net of €102.3 million.

EPRA NRV was €8,005 million as at 31 December 2022, representing increase of 13.7% compared to 31 December 2021. The increase of EPRA NRV was driven by the above changes in the Group's equity attributable to the owners (increase of retained earnings and other reserves).

	31 December 2022	31 December 2021
Equity attributable to the owners (NAV)	6,580	5,992
Effect of exercise of options, convertibles and other equity interests	-	-
Diluted NAV	6,580	5,992
Fair value of financial instruments	(243)	-
Deferred tax on revaluations	1,711	1,090
Goodwill as a result of deferred tax	(43)	(43)
EPRA NRV (€ million)	8,005	7,039



For disclosures regarding Alternative Performance Measures used in this press release please refer to our Annual Management Report 2022, chapters Glossary of terms, Key ratio reconciliations and EPRA performance; accessible at <http://cpipg.com/reports-presentations-en>.

Audited documents will be available tonight at the following link:
<http://www.cpipg.com/reports-presentations-en>

2022 audited financial report
2022 audited management report

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